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INFO RUEHAC/AMEMBASSY ASUNCION 6205
RUEHCV/AMEMBASSY CARACAS 1270
RUEHGT/AMEMBASSY GUATEMALA 0260
RUEHLP/AMEMBASSY LA PAZ MAY LIMA 2050
RUEHSG/AMEMBASSY SANTIAGO 0446
RUEHVL/AMEMBASSY VILNIUS 0098
RUEHMN/AMEMBASSY MONTEVIDEO 6480
RUEHBR/AMEMBASSY BRASILIA 6071
RUEHSO/AMCONSUL SAO PAULO 3308
RUEHMT/AMCONSUL MONTREAL 0022
RUEAIIA/CIA WASHINGTON DC
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RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RUCPDOG/USDOC WASHINGTON DC

C O N F I D E N T I A L BUENOS AIRES 001070

SIPDIS

SIPDIS

PASS NSC FOR JOSE CARDENAS
EX-IM BANK FOR MICHELE WILKINS
OPIC FOR GEORGE SCHULTZ AND RUTH ANN NICASTRI
EB/TRA FOR TOM ENGLE, TOM COLEMAN
FOR USMISSION TO ICAO
FAA FOR CECILIA CAPESTANY, KRISTA BERQUIST
TRANSPORTATION FOR BRIAN HEDBERG
FAA MIAMI FOR MAYTE ASHBY
USDOC FOR ALEXANDER PEACHER
USCINCSO FOR POLAD

E.O. 12958: DECL: 05/30/2017
TAGS: [ECON](#) [EINV](#) [FAIR](#) [BEXP](#) [AR](#)
SUBJECT: ARGENTINA'S AIRPORTS OPERATOR ON HIGH AIRPORT
PRICES, RADAR PROBLEMS, AEROLINEAS ARGENTINAS

REF: BUENOS AIRES 1046

Classified By: Ambassador E.A. Wayne. Reasons 1.5 (b,d)

11. (C) SUMMARY: Ambassador met on May 18 with Ernesto Gutierrez, President of Aeropuertos Argentinas AA000 (AA2000), the private company that holds the 30-year concession to run 32 major Argentine airports. Gutierrez is a leading Argentine businessman, with extensive contacts and experience in the aviation sector. Gutierrez said that he understands that the renegotiated GoA-AA2000 contract will be finalized soon. He defended AA2000's landing and parking fees, which airlines have criticized as extremely high, calling them average for the region. Gutierrez welcomed our soon to be finalized US/GoA bilateral aviation accord as a catalyst for new investments in the aviation sector and new direct international routes to Cordoba, Argentina's second largest city. Gutierrez discussed the current radar and air traffic controller problems at Ezeiza airport, and problems with the state-owned airport ground-handling company. Gutierrez expressed concern that Aerolineas Argentinas is not investing sufficient capital in maintaining its fleet, and also said that he was looking into new generation air traffic control systems for the two airports in Buenos Aires. End Summary.

Status of renegotiated GOA-AA2000 contract

12. (C) Gutierrez said that the new contract was recently approved by Economy Minister Felica Miceli, and it was now at

the Casa Rosada awaiting final approval.

Defends AA2000 prices, says they are average for region

13. (C) Post has received strong and consistent complaints from U.S. carriers about the high prices and poor services provided by AA2000. In addition, the International Air Transport Association (IATA) has also publicly and privately complained about AA2000's alleged poor and expensive services. Gutierrez defended his company against these charges, stating that, according to IATA's own data, AA 2000 prices for landing, parking and fuel were actually about average for the region. He promised to send the Ambassador information to back up his claims. Gutierrez in fact pointed out that AA2000 had invested a significant new capital in airport infrastructure in recent years, and claimed AA 2000's profits were minimal. But he said he would work with carriers to reduce landing fees and would finance this by increasing by a few dollars passenger-paid airport user fees.

Bilateral aviation accord: new routes to Cordoba, Argentina's second largest city

14. (C) Ambassador discussed our updated bilateral aviation accord, which will double the number of flight frequencies between our nations from 56 to 112. Gutierrez welcomed the increase, said that he anticipated new aviation sector

investments as a result, including to support new international flights via Cordoba.

Air traffic controller problems at Ezeiza airport

15. (C) On the recent and well-publicized air traffic controller problems at Ezeiza airport (Reftel), Gutierrez said that controllers and the Ministry of Defense were in a dispute about 16 controllers who have been identified as "trouble makers" by the Ministry of Defense (MOD). Gutierrez said that he had tried to intervene to "make peace," and buy additional time for both sides to continue to work together. However, he was not successful, which he said was "frustrating."

Problems with state-owned airport ground-handling company

16. (C) Gutierrez openly acknowledged the problems with ground handling company Intercargo, saying that the company was "horrible," was plagued with "theft," and "poorly trained" personnel. He said that unfortunately, the GOA-Intercargo contract runs through 2009. (Note: Intercargo is 80%-20% owned by the Ministries of Defense and Economy, respectively, and with only a couple of exceptions, all airliners are forced to use their ground-handling services. End note.) Gutierrez said that he would really like to see more choices and competition in this area of airport services, and he would like to see an outside company come in with new technology and training, to lead the way.

Aerolineas Argentinas and LAN Argentina's problems; need for more domestic carriers

17. (C) Gutierrez said that he was concerned that Aerolineas Argentinas was not investing sufficient capital in its fleet of planes, and said that about 40% of its fleet is grounded. (Note: Post understands that this figure might actually be

closer to 50%. End note.) Gutierrez said that there are a couple of recently-formed aviation companies looking into entering the domestic air passenger service here, as Aerolineas Argentinas controls about 80% of the market. He said that LAN Argentina (owned by LAN Chile) wanted to expand more, but was constrained by GOA-imposed price caps on domestic flights.

Potential to purchase new radar system

18. (C) Gutierrez, discussing the recent problems with the air traffic control radars, said that he has been exploring the possibility of supporting the GOA's purchase of a new generation of radars for the two airports in Buenos Aires - Ezeiza and Aeroparque. He cited both Lockheed and Boeing products, and said that he is studying these offers. (Note: providing and upgrading air traffic control radars in Argentina remains the responsibility of the Air Regions Command of the Argentine armed forces. End Note.)

MATERA